



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Authorize City Manager to terminate the Lease Option Agreement with Lodi City Center 12, LLC, for the retail space in the Lodi Station Parking Structure

MEETING DATE: August 16, 2006

PREPARED BY: City Manager

RECOMMENDED ACTION: Authorize City Manager to terminate the Lease Option Agreement with Lodi City Center 12, LLC, for the retail space in the Lodi Station Parking Garage.

BACKGROUND INFORMATION: The City of Lodi and Lodi City Center 12, LLC (Optionee), entered into a Master Lease Option Agreement on December 15th, 2004, granting the exclusive right to exercise an option to lease the retail space in the Lodi Station Parking Structure. While the property remained vacant and the Optionee was in the process of hiring a second leasing agent, the City was approached by a group of community members interested in establishing a science museum at the site. The City Manager requested that the City be released from its agreement with the Optionee in a letter sent to Mr. Ed Barkett on June 7, 2006 (Exhibit A), came to an agreement, and went forward to the City Council with a proposal from the World of Wonder Science Museum. A subsequent option and lease with the WOW were drafted and approved by the Lodi City Council on August 2, 2006. This Termination of Master Lease Option Agreement with Lodi City Center 12, LLC formalizes the decision.

FISCAL IMPACT: The City of Lodi Transit Fund will reimburse Lodi Stadium 12, LLC the \$10,000 deposit made as a condition of the lease.

FUNDING AVAILABLE:



Ruby Paiste, Financial Services Manager



Blair King
City Manager

JLH

Attachments

cc: Ed Barkett, Atlas Properties
Tiffani Fink, Transportation Manager

APPROVED: 

Blair King, City Manager

TERMINATION OF MASTER LEASE OPTION AGREEMENT

The City of Lodi, a municipal corporation and Lodi City Center 12, LLC, a California Limited Liability Company hereby agree to terminate the Master Lease Option Agreement dated December 15, 2004 and all rights and obligations created thereunder.

OPTIONEE:

LODI CITY CENTER 12, LLC
By Atlas Properties, Inc.
Its Manager

By: _____
Edward A. Barkett
President

OPTIONOR:


CITY OF LODI, a California
municipal corporation

By: _____
Blair King
City Manager

Attest:

Jennifer M. Perrin
Interim City Clerk

Approved as to Form:



D. Stephen Schwabauer
City Attorney

CITY OF LODI

CITY COUNCIL

SUSAN HITCHCOCK,
Mayor

BOB JOHNSON,
Mayor Pro Tempore

JOHN BECKMAN

LARRY D. HANSEN

JOANNE MOUNCE



BLAIR KING,
City Manager

JENNIFER PERRIN,
Interim City Clerk

D. STEPHEN SCHWABAUER,
City Attorney

CITY HALL, 221 WEST PINE STREET / P.O. BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 333-6702 / FAX (209) 333-6807 / www.lodi.gov

June 7, 2006

Mr. Ed Barkett
2800 March Lane, Suite 250
Stockton, CA 95219-8218

Dear Ed,

A group of local residents recently approached the Lodi City Council with a request to lease the vacant retail space in the Lodi Station Parking Structure for use as an interactive science museum. The newly formed non-profit, Lodi Science Museum, has proposed a six-month fundraising/work pledge effort to secure the necessary tenant improvements. If successful, the organization will be given additional time to complete the project and open the museum.

As you are aware, a variety of challenges faces any leasing agent responsible for the marketing of this property. Prospective tenants are reluctant to lease the space until improvements are made to the properties on the west side of the street, while property owners of those properties are reluctant to invest in improvements while the parking structure spaces remain vacant. It may be time to re-evaluate the current strategy and consider a venture that has the potential to significantly increase foot traffic and bring additional customers to the area.

At this time, we ask that the City of Lodi be released from the contract granting Lodi City Center 12 an option to exercise a master lease on the retail space at the Lodi Station Parking Structure. The City is prepared to reimburse your \$10,000 deposit and enter into negotiations with the Lodi Science Museum. If the Museum is unable to secure the funds and pledges within the six-month timeframe, we will then invite you to again consider an option to the master lease.

We look forward to your response and the opportunity to move forward on the Lodi Station project.

Sincerely,

Blair King
City Manager

cc: Steve Schwabauer, City Attorney
Richard Prima, Public Works Director

TERMINATION OF MASTER LEASE OPTION AGREEMENT

The City of Lodi, a municipal corporation and Lodi City Center 12, LLC, a California Limited Liability Company hereby agree to terminate the Master Lease Option Agreement dated December 15, 2004 (the "Agreement") and all rights and obligations created thereunder; and

The City of Lodi hereby agrees to reimburse Lodi Stadium 12, LLC the \$10,000 deposit made as a condition of the Agreement from the City of Lodi Transit Fund; and

The City of Lodi further agrees to reinstate the Agreement with Lodi Stadium 12, LLC, under the same terms and conditions as set forth in the Agreement, in the event World of Wonder (WOW) Science Museum fails to exercise the Option to Lease under its agreement with the City of Lodi dated August 2, 2006.

OPTIONEE:

LODI CITY CENTER 12, LLC
By Atlas Properties, Inc.
Its Manager

OPTIONOR:

CITY OF LODI, a California
municipal corporation

By: _____
Edward A. Barkett
President

By: _____
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